



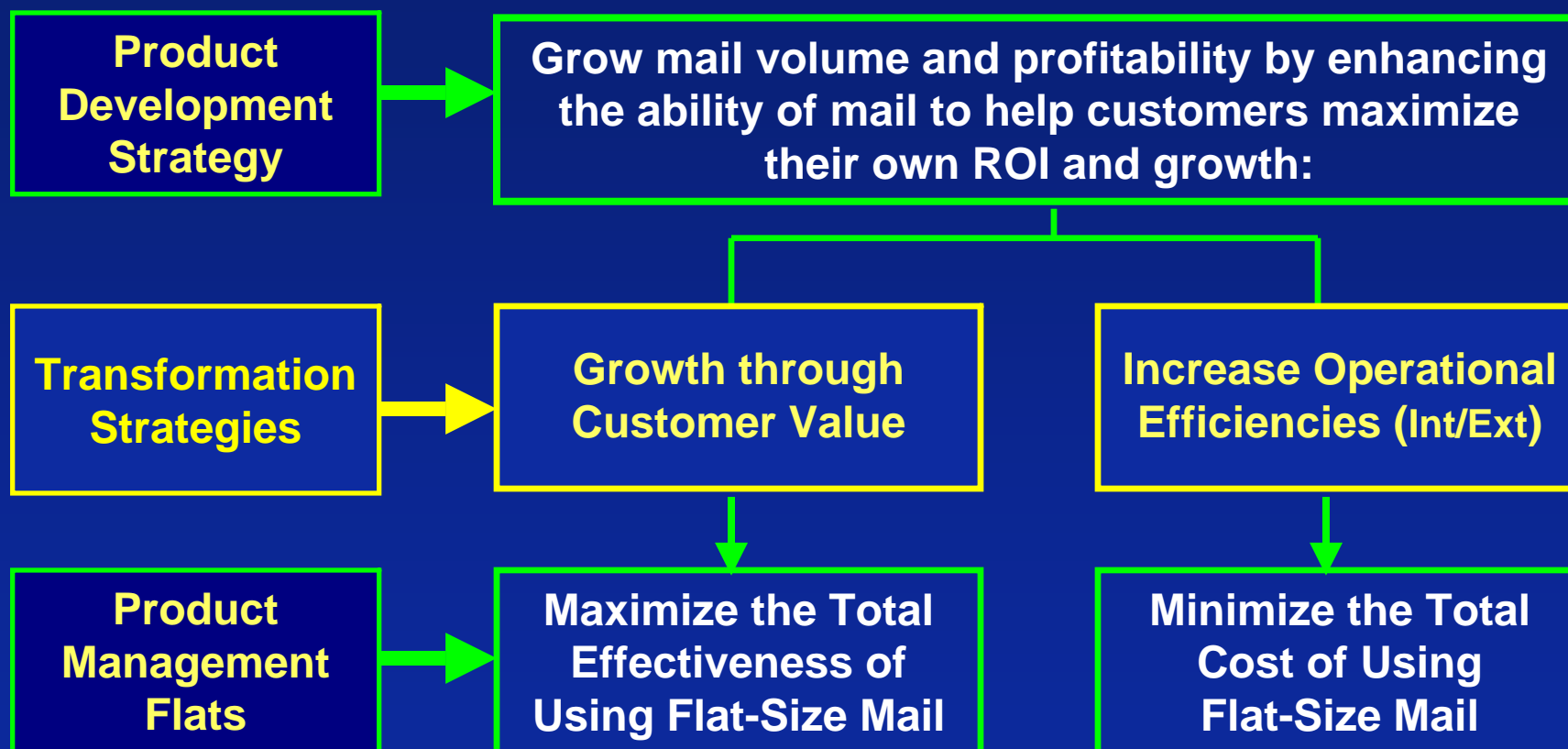
Corporate Flats Strategy *Product Development*

Flats Summit
Panel #2
July 16, 2003



USPS Product Development

Shaping the Future





USPS Product Development

Growth Through Value

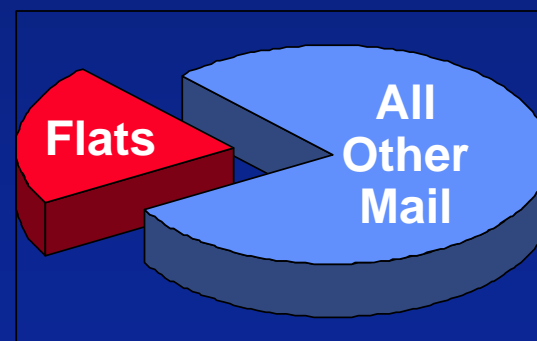
Flats Represents a Critical Component of the Postal Service's Business

■ **FY' 02 – Revenue.....\$14.6 Billion**

■ First-Class Mail..	\$5.3 Billion
■ Periodicals Mail..	\$2.1 Billion
■ Standard Mail.....	\$7.2 Billion

■ **FY' 02 Volume.....51.6 Billion**

■ First-Class Mail...	5.4 Billion
■ Periodicals.....	10 Billion
■ Standard Mail.....	36.2 Billions





USPS Product Development

Growth Through Value

An Important Tool for Industry

Acquisition, Retention, Growth

- **Direct Mail Growth 7% in 2003**
- **Direct Mail Has 13-to-1 ROI**
- **90% of Consumers Use Catalogs**
- **Magazine Ads Generate Business**
- **FCM Flats Get Attention & Impact**



USPS Product Development

Growth Through Value

Enhancing Flats Product Performance

Customer Driven Product Development

- Customized *MarketMail*TM
- Repositionable Notes
- Ride-Along
- Confirm
- Container & Bundle Tracking
- Palletization Alternatives
- Product Redesign Initiatives





USPS Product Development

Increase Operational Efficiency

Product Redesign

- **Automation Savings in Processing**
 - Shaped-Based Efficiencies
 - Light-Weight Flats
 - Heavy-Weight Letters
- **Accuracy, Content, Readability Efficiencies**
 - Address Quality Incentives
 - Barcode Quality Incentives



USPS Product Development

Increase Operational Efficiency

Product Redesign

- **Reduce Bundle/Container Handling Costs**
Incent More Efficient Mailer Prep
Create Simple Prep Options
- **Eliminate Separate Mailstream**
Time-Sensitive Periodicals to FCM
Non-Sensitive Periodicals to Std
- **Mailpiece Characteristics Analysis**
Identify Mail Make Up and Entry





USPS Product Development

Growth & Efficiency

Phased Flats Strategy

■ Short-Term

Identify Efficient Make-Up & Prep Alternatives
Develop Value Enhancing Features & Services

■ Mid-Term

Rates Recognizing Cost-Based Pricing
Rates Recognizing Shape-Based Efficiencies

■ Long-Term

Use Automation to Reduce Cost
Work With Industry to Identify Best Approach



USPS Product Development

Growth & Efficiency

Maximizing Efficiencies in The Future

Product Redesign & Flats Strategies Not Mutually Exclusive

Cost/Price

Ensure Flats Pricing Viability Into the Future
Reduce Preparation and Handling Costs

Design

Maintain Design Flexibility
Ensure Wide Range of Designs

Service

Ensure Predictability
Ensure Reliability





USPS Product Development

Flats Strategy Implication

Maximizing Efficiencies in The Future

■ Impact of FSS & DPP Strategies

Design Flexibility

Address/Barcode Accuracy/Readability

Carrier Route/Dropship Rate Availability

Delivery Performance Predictability

■ Impact of Not Evaluating FSS & DPP

Mail Preparation Costs

Diminishing Returns on Smaller Refinements

Price Escalation & Diminished ROI

Smaller Volume Shouldering More Cost



USPS Product Development

Working Together

Building the Communications Bridge

- **Publications**

- **Internet**

 - RIBBs Web Site

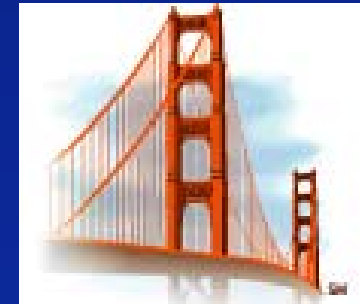
 - [“flatsstrategyfeedback@email.usps.gov”](mailto:flatsstrategyfeedback@email.usps.gov)

- **Customer Meetings**

 - MTAC Updates

 - Specific Workgroups

 - Dedicated Conference





USPS Product Development

Web Site

RIBBS - BBS Website - Microsoft Internet Explorer

Address: http://ribbs.usps.gov/

UNITED STATES POSTAL SERVICE

RIBBS Rapid Information Bulletin Board System

Quick Links

- USPS Home Page
- Search the USPS
- Stamps
- Track/Confirm
- ZIP Codes
- Change of Address

RIBBS Links

- Browser Compatibility
- Address Change Service
- Customer Support Rule
- CDS Qualification
- Corporate Flats Strategy
- DPV
- DSF 2nd Generation
- DSMS
- FASTforward®
- Federal Register Notices
- International
- LACS
- MAC
- MAC Batch
- Mailpiece Quality Control
- MTAC
- NCOA
- NCOA Link™
- PAGE
- PAVE
- Polywrap Manufacturers
- RDI

NATIONAL CUSTOMER SUPPORT CENTER
UNITED STATES POSTAL SERVICE

Friday, July 11, 2003
Welcome to the United States Postal Service Rapid Information Bulletin Board System website!

An Important Note for RIBBS Subscribers

USPS Fact Sheet

Weather Alerts . . .
Update On Current Weather Conditions

Mailer News . . .

May 9, 2003
USPS Strategic Operations Planning publishes the Corporate Flats Strategy and Delivery Vision

October 18, 2002
Destination Delivery Unit (DDU) New Parcel Select Acceptance Hours and Drop Ship Locations

August 26, 2002
Senior Citizens Targeted in National Fraud Awareness Campaign

Programs

Start | Internet

Inbox - Microsoft Outlook | Microsoft PowerPoint - [P... | RIBBS - BBS Website - ... | 11:53 AM



USPS Corporate Flats Strategy